

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1451

January 12, 2016

SUMMARY OF BILL: Increases the annual motor vehicle registration fee from \$18.75 to \$168.75 for electric passenger motor vehicles, and to \$93.75 for hybrid-electric passenger motor vehicles.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$42,500/General Fund
\$2,083,000/Highway Fund**

Assumptions:

- Based on data provided by the Department of Revenue, it is estimated that, as of July 2015, there were approximately 2,341 electric and 23,658 hybrid-electric motor vehicles registered in Tennessee. These numbers are assumed to remain constant in subsequent years and do not include vehicles classified as state or government service, freight vehicles, disabled veterans' vehicles, or commercial vehicles for hire, which are subject to different registration fees.
- Increasing the annual motor vehicle registration fee by \$150.00 for electric passenger motor vehicles (\$168.75 - \$18.75), and by \$75.00 for hybrid-electric motor passenger motor vehicles (\$93.75 - \$18.75) is estimated to result in a recurring increase in state revenue of approximately \$2,125,500 [(2,341 x \$150) + (23,658 x \$75)].
- Pursuant to Tenn. Code Ann. § 55-6-107(a), 98 percent of the motor vehicle registration fee revenue is distributed to the Highway Fund and 2 percent is allocated to the General Fund.
- The recurring increase in state revenue to the Highway Fund is estimated to be \$2,082,990 (\$2,125,500 x 98%).
- The recurring increase in state revenue to the General Fund is estimated to be \$42,510 (\$2,125,500 x 2%).
- There will not be a significant impact on the number of electric and hybrid-electric passenger motor vehicles registered in Tennessee as a result of the proposed registration fee increase.

- Any increase in expenditures to the Department of Revenue to effectuate the registration fee increase is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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